

Procurement Implementation and Migration Planning Team

Project Initiative 4. Centralized Sourcing and Procurement Function

December 7, 2004



Discussion Overview

Impetus for the study (House File 534):

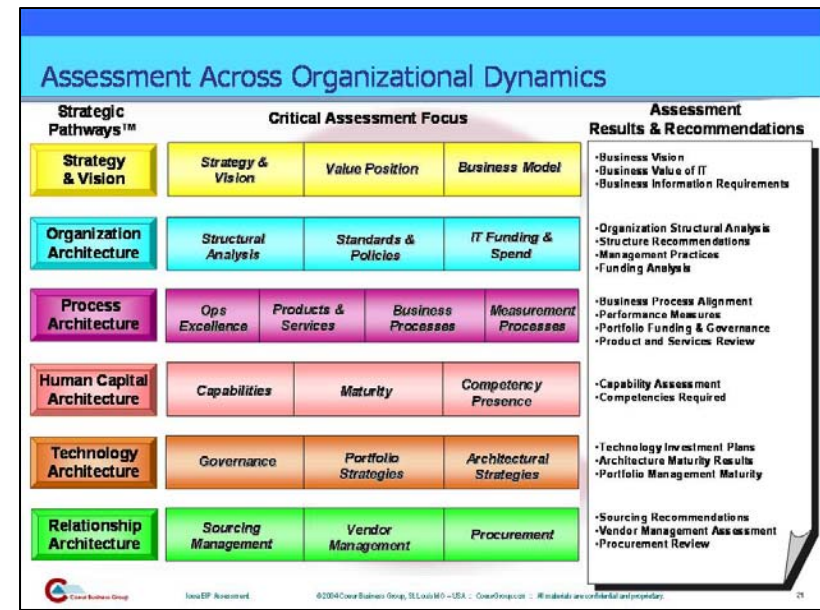
- The Legislature is looking for Value from Information Technology investments, to be more responsive, and cost effective by asking...
 - *How can investments in technology add maximum value to the State?*
 - *How can we increase cost effectiveness on a statewide basis?*
 - *How can we provide a greater focus on the core mission of the State?*
 - *How can we effectively manage scarce resources and improve service delivery?*
- An 'Impact Assessment' was conducted across a framework of three performance levels: Process, Technology, and Organization

Organizational Assessment Model

Identifying the State's IT Operations

- Value of IT to the State
- Increase Effectiveness
- Leverage Assets and Resources
- Define Maturity of Infrastructure
- Scorecards & Measures
- Generate and Capture Value
- Portfolio Management Capability
- Governance Methods/Processes
- Transformation Capabilities
- Collaboration & Innovation
- Credibility and Dependency

Assessment Pathways



Iowa Common Business Drivers

1. Security
 1. *User access*
 2. *Homeland Security*
 3. *Intrusion Detection*
2. Data Management
 1. *Integrity*
 2. *Accessibility*
 3. *Storage*
3. Regulatory
 1. *Compliance*
 2. *Federal /State Programs*
4. Cost Management
 1. *Effectiveness/Efficiencies*
 2. *Avoidance*
5. Service Delivery
 1. *Problem Management*
 2. *Change Management*
 3. *Service Level Agreements*
6. Business/Constituent Alignment
 1. *Funding Process*
 2. *Constituency Alignment*
 3. *Strategic Focus*

Critical Performance Directives

- Critical performance directives (a “Common Executive Vision”) emerged from Senior Management interviews and workshops:
 - *Provide Reliability*
 - *Responsiveness and accessible information*
 - *Higher levels of communications to understand business requirements*
 - *Make it easy to do business with IT*
 - *Always be cost competitive*
 - *Invest in IT to improve my departments business*
 - *We require IT competence*
 - *IT must fulfill commitments made*

Implementation and Migration Planning

Key Recommendations

Process Improvements

- *Technology Governance*
- *Statewide Enterprise Architecture Steering Committee*
- *Enterprise Portfolio Management Office*
- *Centralized Sourcing and Procurement*

Program Initiatives

- *Leverage Common Statewide Infrastructure*
- *Data Center Consolidation*
- *Hardware Lifecycle Program*
- *Application Inventory and Consolidation*

The Assignment

Transform the Strategic Initiative as defined by the Enterprise Infrastructure and Personnel (EIP) Assessment Final Report into activities for defining steps of implementation.

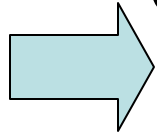
- *How can investments in technology add maximum value to the State?*
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Agenda

Project Launch Workshop December 7 th		
Time	Agenda Item	Assignment
1:30 – 1:45	introductions	Coeur Group
1:45 – 2:00	Presentation	All
2:00 – 2:15	Team Norms	Coeur Group
2:15 – 2:20	Team Chair	All
2:20 – 2:45	Team Mission	Chair – All
2:45 – 3:00	Break	All
3:00 – 4:15	Activity Workshop	All
4:15 – 4:30	Wrap up and Next Steps	Chair and Coeur Group

Team Deliverables by January 11, 2005

- Conduct workshops



- *Tuesday December 7 – launch project, including:*

- Understand recommendation
 - Select team chair
 - Write team mission
 - Identify key activities required to implement the recommendation
 - Wrap-up with weekly progress message

- *Tuesday December 14 – “flesh out” activities, considering:*

- Risk, impediments, event horizon, culture, implementation cost, etc.

- *Monday December 20 – draft presentation package*

- *Monday January 10 – complete presentation package*

- Develop key activities plan and framework for recommendations
- Create a presentation package for Governor Vilsack describing the recommended course of action

Team Norms

- Act as collaborating colleagues; share information
- Spirit of brainstorming and “outside the box” inquiry
- No bad ideas – limit debate for now
- Stay on topic; park / transfer non-Procurement items

Team Chair and Responsibilities

- Collaborate on weekly progress report
- Coordinate team activities and information exchange
- Act as a spokesperson for the group
- Liaison to Iowa Project Management (Wes Hunsberger)
- Participates in joint presentations

The Recommendation



Recommendation 4: Centralized Sourcing/Vendor Management

4a. Develop a centralized IT procurement process to enable maximizing leverage across all departments and agencies when buying technology.

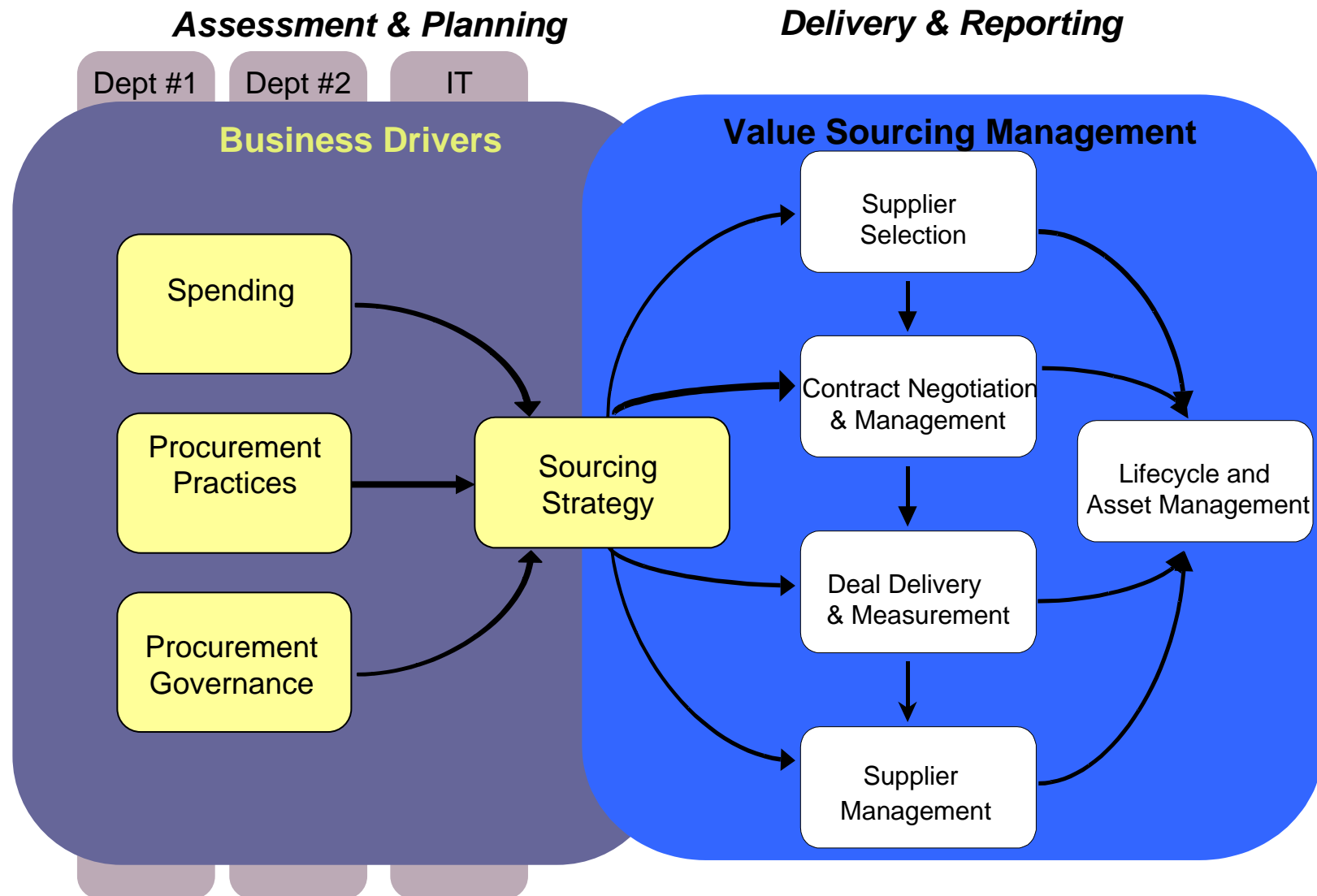
This centralized approach ensures standards are procured reducing maintenance and support costs. Auditing of the total procurement spend for technology assets enables lifecycle asset management and increases savings from supplier involvement in developing added value for the state.

Recommendation 4: Centralized Sourcing/Vendor Management

4b. Develop a performance-based partnering strategy with the state's primary suppliers and vendors.

A sourcing strategy defines vendor partnering relationships based on product and services as well as performance measures. In order to gain cost savings, reduce cost of IT business operations and control diverse spending on technology, a Performance Based Supplier Management program must be instituted across all EIP departments and agencies. This program will provide high leverage and cost savings short and long term.

Centralized Sourcing and Procurement



Mission Statement



Sample Mission Statement

- The Sourcing transition committee will offer input and feedback in the development of a plan to implement a centralized IT procurement process which:
 - *Maximizes leverage across all departments and agencies;*
 - *Ensures standards are utilized reducing maintenance and support costs;*
 - *Resulting in improved lifecycle asset management.*
- Additionally, the Sourcing transition committee will offer input and feedback in the development of an implementation plan for a performance based partnering strategy with the State's primary suppliers and vendors which:
 - *Defines vendor partnering relationships based on products, services, and quantified, reported performance measures;*
 - *Encourages supplier involvement in driving added value for the State;*
 - *Resulting in high leverage and cost savings in the short and long term.*

Mission Statement as Constructed from the Discussion

The mission of the Sourcing Team is to provide input and feedback for an implementation plan for a central IT procurement process, a performance-based partnering strategy, and a transition strategy. **Our goal is an IT procurement process to maximize ROI for citizens, departments, and clients.**

Sample Mission Statement – Believable, Unique, Defensible?

We supply ...	Input and feedback for an implementation plan a) Centrally-coordinated IT procurement process b) Performance-Based partnering strategy c) Transition Strategy	(what?)
To ...	<i>Our goal is an IT procurement process to maximize ROI for citizens, departments, and clients. "</i>	(whom? customers, stakeholders?)
That ...	Within changing external and internal environments, continually identify and promote opportunities to: a) Procurement Process <i>–Leverage IT expenditures across all departments and agencies;</i> <i>–Ensure standards are utilized reducing maintenance and support costs;</i> <i>–Recognize the importance of Iowa's vendor community, including targeted small business program;</i> <i>–Improve lifecycle asset management.</i> b) Performance-based partnering strategy <i>–Define vendor partnering relationships based on products, services, and quantified, reported performance measures;</i> <i>–Encourage supplier involvement in driving added value for the State;</i> <i>–Results in high leverage and cost savings in the short and long term.</i> c) Transition strategies and management	(results in what contribution?)

Key Sourcing and Procurement Activities



Key Activities

Centralized Sourcing

- 1 Conduct spend analysis over 3 years
- 2 Categorize spending
- 3 Identify redundant suppliers
- 4 Document practice and process by agency
- 5 Standardize selection methodology
- 6 Locate / centralize all contracts
- 7 Analyze contracts for SLA's
- 8 Establish SLA measurement and reporting
- 9 Inventory license and maintenance agreements – find the assets
- 10 Establish management goals and reporting
- 11 Establish communications programs with agencies
- 12 Establish funding models
- 13 Centralize process with clear roles / responsibilities
- 14 Automate (e-Procurement) with reverse auctions, product catalogues, p-cards, etc.

Performance-based Partnering

- 1 Identify top 30 suppliers (volume)
- 2 Review supplier performance
- 3 Solicit supplier suggestions
- 4 Create master agreements with suppliers
- 5 Renegotiate divisional contracts to statewide deals
- 6 Establish long-term spend forecasts
- 7
- 8
- 9
- 10
- 11
- 12
- 13

Activity, your name, priority (H,M,L)